

**INTERIM PRUDENTIAL SOURCEBOOK FOR INSURERS
(AMENDMENT NO 9) INSTRUMENT 2006**

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 138 (General rule-making power);
 - (2) section 150(2) (Actions for damages);
 - (3) section 156 (General supplementary powers); and
 - (4) section 340 (Appointment).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 6 June 2006.

Amendments to the Handbook

- D. The Interim Prudential sourcebook for Insurers (IPRU(INS)) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Interim Prudential Sourcebook for Insurers (Amendment No 9) Instrument 2006.

By order of the Board
25 May 2006

Annex

Amendments to the Interim Prudential sourcebook for Insurers

In this Annex, underlining indicates new text and striking through indicates deleted text. Where a new section of text is inserted, this is indicated and the new text is not underlined

Chapter 9

FINANCIAL REPORTING

...

Certificates by Directors

9.34 (1) Except for reporting under rule 9.3A, ~~There~~ must be annexed to the documents referred to in rules 9.12, 9.13 and 9.14 a certificate in accordance with the requirements of Part I of **Appendix 9.6** which must be signed by the persons required by rule 9.33 to sign the documents to which the certificate relates.

(2) In respect of reporting under rule 9.3A, there must be annexed to the documents referred to in that rule a certificate in accordance with the requirements of Part IA of **Appendix 9.6** which must be signed by a *director of the insurer*.

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APPENDIX 9.6 (rules 9.34 and 9.35)

CERTIFICATES BY DIRECTORS AND REPORT OF THE AUDITORS

Part I

Certificate by directors

1. (1) Subject to 3, the certificate required by rule 9.34(1) must state –

...

2. Subject to 3, if the *insurer* carries on *long-term insurance business*, the certificate required by rule 9.34(1) must also state that –

...

- (d) ...
 - (i) advice ~~in preparing the return~~ from every *actuary* appointed by the *insurer* to perform the *actuarial function* in accordance with *SUP* 4.3.13R; and
 - (ii) if applicable, advice from every *actuary* appointed by the *insurer* to perform the *with-profits actuary function* in accordance with *SUP* 4.3.16AR.

3. ...

Insert after Part I the following Part IA.

Part IA

Certificate by a director on the half-yearly balance sheet and report for realistic valuation

- 3A. Subject to 3C, the certificate required by rule 9.34(2) must state that the *return* has been properly prepared in accordance with the requirements in *IPRU(INS)* and *PRU*.
- 3B. Subject to 3C, the certificate required by rule 9.34(2) must also state that –
 - (a) the amount provided for *long-term insurance liabilities* for the purpose of determining the *insurer's capital resources* as shown in **Form 2** constitutes proper provision at the end of the six month period referred to in rule 9.3A(1) for those liabilities (including all liabilities arising from *deposit back arrangements*); and
 - (b) the *director* has, in preparing the *return*, taken and paid due regard to–
 - (i) advice from every *actuary* appointed by the *insurer* to perform the *actuarial function* in accordance with *SUP* 4.3.13R; and
 - (ii) advice from every *actuary* appointed by the *insurer* to perform the *with-profits actuary function* in accordance with *SUP* 4.3.16AR.
- 3C. (1) Where, in the opinion of the *director* signing the certificate, the circumstances are such that any of the statements required by 3A and 3B cannot truthfully be made, the relevant statements must be omitted.
- (2) Where, by virtue of (1), any statements have been omitted from the certificate, this fact, and the reasons for omission, must be stated in a note to the certificate.